

29 MAR 1966

MEMORANDUM FOR: Chairman, Economic Intelligence Committee

SUBJECT : Proposed Terms of Reference for EIC Subcommittee
on Economic Policy in the Communist Countries

REFERENCE : Letter to Executive Secretary, EIC, from Morris
Crawford, State Representative, 4 February 1966

1. The notion of having some EIC committee give occasional attention to economic policy when there are important developments in the Communist countries is possibly a good idea. The proposed terms of reference, however, are grossly overambitious in coverage and in proposed activities.

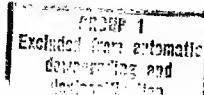
2. Function 1.(b) states that the committee shall "provide a forum, when needed, for explanation, or coordination, of estimates of major aggregative indexes (e.g., national budgets, military expenditures, and gross agricultural output)..." The first of these items is not the subject of estimates, and the second item is already the subject of several regular NIE's and the NIPP's. The interposition of a committee into the process would just undermine a going concern. The third item and another possibility, national income and product, are both very technical subjects, the coordination of which has been handled very successfully for years in bilateral discussion of working experts in State Department and CIA. In short, it would be a mistake to ask such a committee to deal with any estimates.

3. Function 1.(f) calls for production of intelligence. This is surely a mistake and should be deleted.

4. Function 2.(a) was inserted to fill up the page, I assume. Duplication and distribution of effort in the field of economic policy has been worked out satisfactorily long ago.

5. I suggest that:

a. The scope of the proposal be limited strictly to economic policy in the Communist countries.



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- b. The function be limited exclusively to discussion of policy developments.
- c. Under these limitations many of the functions listed would be meaningless (1.(b), (c), (d), 2.(a) and (b)).
- d. Within this framework meetings might be two or three times a year, not monthly.
- e. Such a function, limited in this way, perhaps can be absorbed by the present Subcommittee on General Economic Analysis. The GEA Subcommittee should be asked to consider and report on this proposal.

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Chief, Economic Research Area

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